(c) and (d) Public Sector Banks are free to decide about opening of new branches, including those in rural and remote hilly areas, on the basis of their commercial judgement and are required to follow various guidelines and formalities stipulated by the Reserve Bank of India (RBI) including assessing the viability and business potential of the area, finding out premises, ensure logistic arrangements etc., which are time consuming. Under the provisions of the Master Circular of RBI on Branch Authorisation issued on 2 July, 2007, banks have been given freedom to submit their Branch Expansion Plans to RBI for approval on annual basis during the year. Banks are, however, required to open branches within one year from the date of receipt of authorization from the RBI. Banks can also approach RBI for opening of branches especially in rural/underbanked areas any time during the year.

Crash in Stock Market

39. SHRI M.V. MYSURA REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there was a crash in stock market to the extent more than 4000 points in five trading days;

(b) if so, the reasons therefor;

(c) what is the impact of the crash on the Indian Economy, on the Government revenues and loss incurred by the Indian Investors; and

(d) whether it is a fact that FIIs (Foregin Institutional Investors) withdrew substantial funds by booking profits?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) A Statement-I (*See* below) indicating monthly movement of stock indices from April, 2007 to December, 2007 and daily movement for the month of January, 2008 is enclosed.

(b) The movement of stock market indices or price of a specific share is a function of the investors—domestic and overseas, retail and institutional—about the economy, the sector and the company. This perception is influecned by many factors including the macro-economic environment, the growth potential of the economy, policy credibility of the Government, corporate performance, domestic and international events, and market sentiments.

The recent movement in stock prices is attributed among others to sub-prime mortgage crisis in the US, change in the monetary stance of developed countries, the expected recession in US, firming up oil rise on oil prices, Yen carry trade, the policy measures on Offshore Derivative instruments by SEBI, impact of primary market issues, relative valuations in emerging markets, etc.

(c) Government has not made any assessment.

(d) A Statement indicating monthly net investment in equities by FIIs from April, 2007 to December, 2007 and net investments for the month of January, 2008 is enclosed.

Statement-I

Movement of Sensex and Nifty

At the end of	Sensex	Nifty
April 2007	13872.37	4087.90
May 2007	14544.46	4295.80
June 2007	14650.51	4318.30
July 2007	15550.99	4528.85
August, 2007	15318.60	4464.00
September 2007	17291.10	5021.35
October 2007	19837.99	5900.65
November 2007	19363.19	5762.75
December 2007	20286.99	6138.60
1st Jan 2008	20,300.71	6144.35
2nd Jan 2008	20,465.30	6179.40
3rd Jan 2008	20,345.20	6178.55
4th Jan 2008	20,686.89	6274.30
7th Jan 2008	20,812.65	6279.10
8th Jan 2008	20,873.33	6287.85
9th Jan 2008	20,869.78	6272.00
10th Jan 2008	20,582.08	6156.95
11th Jan 2008	20,827.45	6200.10
14th Jan 2008	20,728.05	6206.80
15th Jan 2008	20,251.09	6074.25
16th Jan 2008	19,868.11	5935.75
17th Jan 2008	19,700 82	5913.20
18th Jan 2008	19,013.70	5705.30
21st Jan 2008	17,605.35	5208.80
22nd Jan 2008	16729.94	4899.30
23rd Jan 2008	17594.07	5203.40
24th Jan 2008	17221.74	5033.45
25th Jan 2008	18361.66	5383.35
28th Jan 2008	18152.78	5274.10
29th Jan 2008	18091.94	5280.80
30th Jan 2008	17758.64	5167.60
31st Jan 2008	17648.71	5137.45

Statement-II

Net investments in equity by FIIs

Month/Day	Net Investment (In USD million)
April 2007	1516.00
May 2007	942.00
June 2007	401.00
July 2007	5855.00
August, 2007	-1922.00
September 2007	3957.00
October 2007	5067.00
November 2007	-1450.00
December 2007	1383.00
1st Jan 2008	197.80
2nd Jan 2008	35.30
3rd Jan 2008	-60.60
4th Jan 2008	179.80
7th Jan 2008	126.10
8th Jan 2008	-20.10
9th Jan 2008	261.10
10th Jan 2008	68.10
11th Jan 2008	-156.40
14th Jan 2008	28.20
15th Jan 2008	43.20
16th Jan 2008	56.00
17th Jan 2008	-565.10
18th Jan 2008	-541.90
21st Jan 2008	-336.20
22nd Jan 2008	-601.30
23rd Jan 2008	-559.30
24th Jan 2008	-619.70
25th Jan 2008	-335.00
28th Jan 2008	165.90
29th Jan 2008	-375.20
30th Jan 2008	-70.70
31st Jan 2008	-151.60
January, 2008	-3232.00